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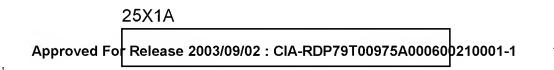
WESTERN EUROPE

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8. De Gaulle reportedly willing to cooperate with other French parties (page 6).

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USSR

1. Embassy Moscow comments on Soviet proposal for German treaty:

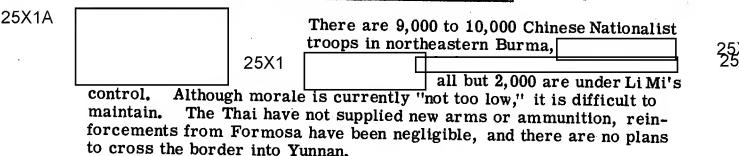
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The US Embassy in Moscow believes that the Soviet proposal for a German peace treaty is designed simply to delay West German rearmament and integration with the West.

Seeing Soviet control over East Germany as essential to Russian objectives in Europe, the Embassy does not concur with the line of reasoning that the Soviet proposal might mean a willingness to relinquish this control.

FAR EAST

2. Situation of Chinese Nationalists in Burma reviewed:



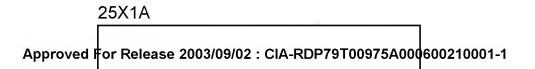
NEAR EAST - AFRICA

3. British military mission to Israel planned:



The Foreign Ministers of Great Britain and Israel, during a conference on 11 March, agreed to initiate diplomatic discussions on a proposed British military mission to Israel.

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Israeli Foreign Minister Sharrett asked Foreign Secretary Eden for obsolete military equipment, specifically light artillery and trainer aircraft, either as a gift or on a long-term loan basis. Sharrett also proposed closer economic relations.

<u>Comment</u>: Israel has been fearful lest possible Arab participation in the proposed Middle East Command might act to its disadvantage. It has, therefore, been showing increased interest in effecting closer ties with the West. Any British mission to Israel will, on the other hand, arouse Arab suspicions of Western motives.

4. <u>Comment on arrest of two Egyptian Wafd leaders:</u>

The arrest of former Egyptian Minister of Interior Serageddin and the former Wafd Minister of Social Affairs indicates that Prime Minister Hilali has now seriously embarked on his clean-up campaign. According to reliable information from Cairo, the arrests were made after a special cabinet meeting, and it is planned to exile both men to their home villages.

The action against Serageddin, the influential Secretary General of the Wafd, makes it almost certain that Hilali will now be strongly opposed overtly and covertly by the well-organized majority party. Hilali's ability to handle the Wafd depends not only on the temporary maintenance of martial law, but also ultimately on achieving a settlement with Britain which is acceptable to the people.

5. <u>Greek Government's attempt to restore proportional electoral system</u> <u>blocked</u>:

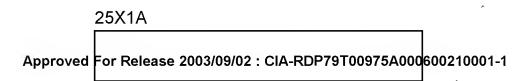
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Acting Prime Minister Venizelos' recent attempt to force a bill through Parliament which would restore the proportional electoral system has been temporarily defeated, ac-

cording to the American Ambassador.

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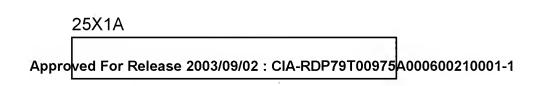
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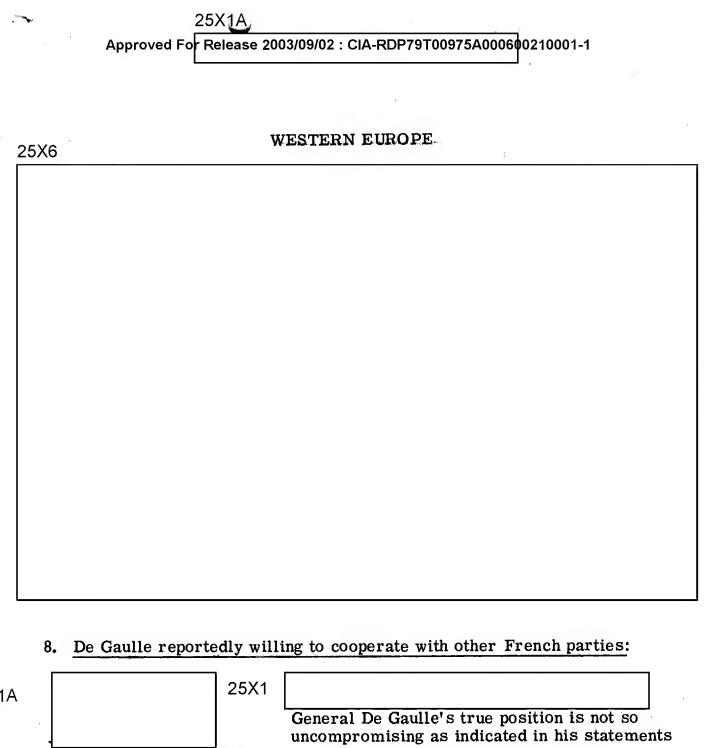
Despite Venizelos' assertion to the contrary, the Ambassador is convinced that Venizelos, the Palace, and Constantine Rendis, a leader in Plastiras' EPEK Party, were intent on having the law passed quickly; and a fait accompli was avoided only because Prime Minister Plastiras heard of the move and the American Embassy published its strong objections.

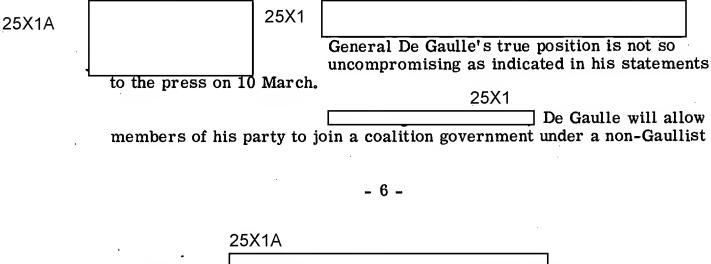
Comment: The American Embassy in Athens has long felt that the proportional electoral system favored by Venizelos and many Greek politicians would bring back the welter of small parties which has effectively hindered recovery in Greece. Accordingly, the Ambassador has been urging the employment of the simple majority system, which would favor General Papagos in any future election.

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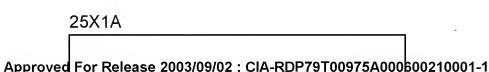
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leader like Rene Mayer or Paul Reynaud, provided constitutional changes within three months are promised. The only changes he will insist upon are the restoration of legislative power to the upper house of Parliament, authority for the Cabinet to dissolve the Assembly, and the right of the President and Cabinet to initiate legislation.

Comment: In view of De Gaulle's recent leniency toward RPF deputies who broke party discipline over the investiture of Premier Pinay, practical politicians among his lieutenants can be expected to push for additional compromise with political realities.

While a rightist coalition offers the best chance for political and economic stability in France, this solution is precluded for the time being by the fundamental opposition of many centrist deputies.



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